



Quarterly Investment Report

**TXGLO**

**Permanent School Fund Investment Portfolio**

July 1, 2018 - September 30, 2018

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#### Executive Summary

#### TXGLO PSF Investment Portfolio

3Q 2018 U.S. GDP increased at an annual rate of 3.5%, after increasing 4.2% in 2Q 2018. The increase in 3Q GDP primarily reflected positive changes in non-residential fixed investment; federal government spending; personal consumption expenditures; state and local government spending; and private inventory investment, which were partly offset by decreases in residential fixed investment and exports. Imports, which are a subtraction in the calculation of GDP, increased during the period. The U.S. unemployment rate ended the quarter at 3.7%.

After assessing current economic conditions and the outlook for inflation and the labor market, the FOMC raised its target Fed funds rate range from 1.75%-2.00% to 2.00%-2.25% at its September 2018 meeting. The FOMC also continued to tweak its balance sheet “normalization” program concerning the reinvestment of principal payments from its holdings in agency mortgage-backed securities and the rolling over at auction of maturing Treasury securities. In October 2017, the FOMC began rolling over at auction the amount of maturing Treasury securities that exceeds \$6 billion each month and reinvesting in agency mortgage-backed securities the amount of principal payments from the Fed’s holdings of agency debt and agency mortgage-backed securities received during each month that exceeds \$4 billion. The FOMC has raised these reinvestment thresholds several times since then and at its September 2018 meeting, the FOMC voted to increase the target reinvestment thresholds once again, from \$24 billion to \$30 billion and from \$16 billion to \$20 billion, respectively.



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The FOMC also agreed that the timing and size of future adjustments in the Fed funds target range will depend upon their assessment of “realized and expected economic conditions relative to the Committee’s maximum-employment objective and symmetric 2 percent inflation objective.” In addition, the FOMC also agreed to remove the sentence indicating that “the stance of monetary policy remains accommodative” from their post-meeting statement.

The core U.S. commercial real estate market, as measured by the unlevered NCREIF Property Index (“NPI”), returned 1.67% for the quarter ended September 30, 2018; its trailing one-year return was 7.16%. Occupancy rose during the quarter to 94.17%, the highest since 4Q 2000, and cap rates declined to the lowest level in the entire history of NPI (1Q 1978). The 3Q 2018 gross total returns for each of the individual NPI sectors were: Hotel: 3.22%; Retail: 0.56%; Apartment: 1.55%; Industrial: 3.36%; and Office: 1.69%. Industrial was once again the best-performing sector at 3.36% during 3Q, due to the continued strong performance of industrial warehouse space.

In the energy markets, WTI spot oil prices averaged about \$70/Bbl during 3Q, ending at \$73.16/Bbl, a 1.3% decrease from the 2Q ending price of \$74.13/Bbl. Increased OPEC and Russian production were offset by supply concerns from Iran due to looming U.S. sanctions and Venezuela due to its ongoing economic crisis. In addition, the escalating trade war with China could also temper global demand growth. However, there are several medium-term risks that could push prices higher in 2019, including: (1) U.S sanctions on Iran; (2) escalating civil unrest in Venezuela; (3) continued pipeline constraints in the Permian Basin; and (4) a lack of spare capacity in Saudi Arabia.



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Natural gas spot prices continued to hover around \$3.00/MMBtu during 3Q 2018, averaging \$2.93/MMBtu during the quarter and ending the period at \$3.01/MMBtu, about 1.7% above the 2Q ending price of \$2.96/MMBtu. Most analysts continue to think that rising industrial demand, LNG exports, increased exports to Mexico, and continued coal-to-gas switching will foster long-term supply/demand support. However, medium-term price upside potential is limited given continued strong domestic supply growth, which is expected to continue to exceed domestic demand. The relative price strength of oil versus natural gas ended the period at about 25:1, compared to a heating value ratio of about 6:1.

In accordance with the investment strategy adopted by the IAC in January 2018, the primary focus of the Portfolio during 3Q 2018 was on potential investments and co-investments in infrastructure, niche opportunities in real estate, and co-investment opportunities in energy.

The Portfolio produced a 6.79% gross return without cash for the quarter ended September 30, 2018. The 1-year gross return was 23.52% without cash. The 5-year average annual gross return was 145.86% without cash, and the since-inception average annual gross return was 8.47% without cash.



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Time-Weighted Returns

<b>Portfolio</b>	<b>Net Asset Value</b>	<b>Current Quarter</b>	<b>Previous Quarter</b>	<b>Year-to-Date</b>	<b>One Year</b>	<b>Three Year</b>	<b>Five Year</b>	<b>Since Inception</b>	<b>IRR</b>
Gross of Fees - w/o Cash	3,654,432,565	6.79%	3.93%	12.38%	23.52%	17.13%	15.86%	8.47%	N/A
Net of Fees - w/o Cash	3,654,432,565	6.33%	3.56%	11.05%	20.61%	14.37%	13.21%	5.95%	8.69%
Gross of Fees - w/ Cash	7,539,632,595	3.33%	2.11%	6.38%	11.54%	8.95%	8.19%	4.98%	N/A
Net of Fees - w/ Cash	7,539,632,595	3.12%	1.94%	5.78%	10.26%	7.65%	6.94%	3.80%	6.11%
Blended Index of CPI All Urban Consumers and the NCREIF Fund Index – Open End Equity - Gross	238,209,700,000	1.36%	1.91%	5.47%	6.69%	6.79%	7.85%	6.95%	N/A
Blended Index of CPI All Urban Consumers and the NCREIF Fund Index – Open End Equity - Net	238,209,700,000	1.28%	1.82%	5.22%	6.35%	6.40%	7.37%	6.14%	N/A

In the course of preparing this report, we have relied upon the accuracy and completeness of the data provided to PrivateEdge by sources deemed to be reliable (investment managers and their professional staff.) Managers certify to us that the returns are calculated in accordance with industry standards developed by GIPS and REIS. Our conclusions do not constitute an audit of any investment and are based on prevailing conditions known to us at the date of this report. We make no representations or guarantees with respect to the accuracy of information provided to us by the managers.

Beginning during the quarter ended June 30, 2012, the TXGLO instituted a new benchmark whereby the index would be a blending of the CPI Index, All Urban Consumers plus 74.10707 basis points quarterly plus the NCREIF Fund Index – Open End Equity. Up until the second quarter 2014, the index was blended based on the total net asset value of the Real Estate Assets as compared to the Energy/Infrastructure Assets. Beginning in the third quarter, the index was blended 50% to CPI Index, All Urban Consumers plus 74.10707 basis points and 50% to NCREIF Fund Index – Open End Equity.

Beginning on July 1, 2016 the portfolio benchmark is being calculated on a going-forward basis assuming the newly approved policy-weighted basis of 33% NFI-All Open End Funds Index, net of fees / 67% CPI-U plus 74.10707 basis points.

As of the quarter ending June 30, 2014, the name of the index changed from "NFI-All Open End Funds Index" to "NCREIF Fund Index – Open End Equity."

As of the quarter ending December 31, 2017, the Quarterly Investment Report presents information only on externally-managed investments.



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#### Update

#### TXGLO PSF Investment Portfolio

During the quarter ended September 30, 2018, the School Land Board (the "Board") approved one new separate account investment and the expansion of the commitment to an existing co-investment for inclusion in the TXGLO PSF Investment Portfolio, as shown below:

Investment	Date Approved by SLB	Total Capital Commitment	TXGLO Capital Commitment	Investment Type/Strategy
Collingsworth Investments, L.P.	August 21, 2018	\$ 78,500,000	\$ 75,000,000	Non-Core Real Estate
Capitol Co-Investments 8, LLC	September 24, 2018	\$1,200,000,000	\$180,000,000*	Infrastructure

*\*Expansion of existing commitment*

As of September 30, 2018, the Board had closed on total capital commitments of approximately \$6.8 billion to 59 externally managed real assets investment funds and 10 co-investment vehicles since the Portfolio's inception, net of the original capital commitments associated with any investments that were subsequently dissolved or sold, and approximately \$4.3 billion of those commitments had been funded.

The gross time weighted return on the Portfolio for the period was 6.79%, compared with 3.93%\* for the previous quarter, and is 12.38% calendar year-to-date. The returns on the benchmark index for the same periods were 1.36%, 1.91%, and 5.47%, respectively. The gross time-weighted return for the Portfolio since inception is 8.47%, and the IRR since inception is 8.69%.

*\*Restated from 5.04% due to post-period adjustments related to EnerVest Energy Institutional Fund XIV, L.P. valuations.*



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Investment	Acquisition/ Liquidation Date	Capital Committed	Capital Called - Investments	Capital Called - Expenses	Capital Returned	Income Distributed	Historical Cost	Net Asset Value	Current Quarter - Total Return Gross of Fees	Current Quarter - Total Return Net of Fees	Inception - Total Return Gross of Fees	Inception - Total Return Net of Fees	IRR
<b>Real Estate</b>													
2009 McKinney Investment Fund LP	May 6, 2008	50,000,000	90,053,213	5,013,136	80,107,041	35,679,547	14,959,309	20,501,831	4.37%	4.25%	15.12%	11.16%	12.91%
2013 Collin Investment Fund, L.P.	Dec 6, 2013	50,000,000	57,898,157	2,052,260	24,730,951	10,626,342	35,219,465	43,398,464	8.35%	8.07%	14.86%	13.62%	17.00%
CapRidge Partners Fund II LP	Apr 30, 2014	27,000,000	34,509,707	-	11,865,269		22,644,438	30,096,000	-0.91%	-0.74%	10.11%	8.99%	8.16%
Carlyle Realty Partners V LP	Mar 6, 2007	40,000,000	45,211,905	6,108,089	36,561,195	23,366,286	14,758,800	12,643,177	2.22%	1.57%	11.97%	8.35%	8.44%
Casa Partners IV, L.P.	Oct 19, 2007	25,000,000	26,210,766	300,877	25,840,005	17,881,955	671,638	2,515,878	1.16%	1.01%	9.92%	8.20%	10.86%
Casa Partners V, L.P.	Apr 25, 2011	30,000,000	35,636,296	-	18,836,936	14,046,929	16,999,359	42,118,271	2.95%	2.51%	22.31%	18.18%	17.51%
GSL Property Fund 21, L.P.	Jun 29, 2007	83,700,000	92,580,617	-	8,880,617	49,786,299	83,700,000	114,212,710	1.34%	1.15%	11.80%	11.30%	12.05%
Lion Industrial Trust	Apr 25, 2017	75,000,000	75,000,000	526,828	-	1,806,342	75,526,828	83,039,703	4.66%	4.01%	14.29%	12.25%	16.06%
North Haven RE Fund VII Global-T, L.P. <sup>6</sup>	Oct 24, 2008	86,010,000	78,596,371	2,780,903	51,907,380	50,780,661	29,469,894	11,830,220	4.23%	3.86%	4.24%	2.00%	10.65%
Prime Property Fund	Oct 31, 2006	100,000,000	100,000,000	-	47,724,530	100,000,000	138,827,513		2.22%	1.96%	7.70%	6.51%	6.30%
Realty Associates Fund VIII, L.P.	Aug 1, 2006	50,000,000	50,000,000	-	43,993,146	4,830,828	6,006,854	898,097	0.98%	0.90%	3.32%	1.63%	-0.06%
RREEF America Fund II	Jan 2, 2007	75,000,000	75,000,000	-	4,885,887	30,831,474	70,114,113	78,558,712	2.49%	2.25%	6.26%	5.41%	4.58%
T-A II Texas Co-Invest, L.P. <sup>1</sup>	Oct 15, 2015	25,000,000	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Three Premier SHD, L.P.	Aug 3, 2017	200,000,000	20,838,586	-	-	20,838,586	20,121,226	-1.99%	-1.99%	-5.67%	-5.67%	-5.10%	
Turner MultiFamily Impact Fund, L.P.	Sep 23, 2016	55,000,000	36,274,178	3,890,458	-	2,049,944	40,164,636	40,063,682	4.96%	4.37%	11.41%	7.25%	4.44%
Turner-Agassi Charter School Facilities Fund	Jun 12, 2015	30,000,000	6,594,416	1,655,174	132,139	1,540	8,117,450	7,380,081	4.03%	2.43%	3.59%	-56.84%	-6.68%
Two Premier MFD	Nov 20, 2012	125,000,000	90,168,229	8,063,636	53,292,896	29,907,743	44,938,969	58,912,570	7.29%	6.47%	15.99%	15.24%	12.71%
U.S. Government Building Fund, LLC	Dec 18, 2008	85,000,000	145,768,826	4,003,348	95,973,985	51,447,652	80,198,189	115,148,877	2.26%	2.02%	11.32%	10.54%	9.87%
US Office Development Program, L.P.	Sep 1, 2014	200,000,000	99,329,117	4,238,641	34,355,662	18,971,630	69,212,097	88,798,324	3.22%	3.04%	22.14%	18.69%	16.51%
US Premier Office Equities LP	Nov 9, 2007	125,000,000	135,898,511	708,375	68,658,109	21,152,189	67,948,777	94,680,466	4.65%	4.42%	2.70%	1.89%	4.68%
Walton Street Real Estate Fund Sidecar V	Nov 6, 2006	15,000,000	15,000,000	-	3,260,708	31,195,652	11,739,292	1,068,724	-5.73%	-5.73%	-3.99%	-5.43%	-8.21%
Walton Street Real Estate Fund V	Apr 28, 2006	60,000,000	60,000,000	-	15,267,579	18,325,290	44,732,421	13,601,582	-5.40%	-5.52%	0.85%	-0.96%	-2.68%
Walton Street Real Estate Fund VI	Dec 19, 2007	60,000,000	53,188,719	-	40,788,410	16,638,173	12,400,309	25,188,052	2.46%	2.20%	1.28%	-3.57%	9.17%
Westbrook Real Estate Fund VIII	May 21, 2008	73,000,000	81,015,702	5,927,540	68,041,558	30,762,342	18,901,684	16,321,286	0.75%	0.51%	12.23%	9.41%	11.69%
Westbrook Real Estate Fund IX	March 9, 2012	75,000,000	80,778,210	5,117,498	53,866,268	20,706,612	32,029,440	36,100,602	3.05%	2.75%	15.81%	11.83%	11.73%
Westbrook Real Estate Fund X	Jan 15, 2015	125,000,000	125,631,579	4,204,690	7,857,039	3,227,283	48,979,230	52,089,957	4.15%	3.41%	22.56%	8.97%	11.53%
<b>Total Active</b>		<b>1,944,710,000</b>	<b>1,638,183,107</b>	<b>54,591,452</b>	<b>722,502,780</b>	<b>503,747,243</b>	<b>970,271,778</b>	<b>1,148,116,006</b>					
<b>Liquidated Real Estate</b>													
AEW Core Property Trust U.S. Inc. <sup>1</sup>	Apr 30, 2008	75,000,000	75,000,000	-	75,000,000	34,409,166	-	-	N/A	N/A	4.10%	3.58%	7.36%
AEW Value Investors II, L.P. <sup>1</sup>	Apr 17, 2007	43,625,192	43,625,192	-	39,584,505	15,868,641	4,040,687	116,533	N/A	N/A	1.20%	-0.45%	5.42%
Americus Real Estate Fund III, L.P. <sup>2,7</sup>	Oct 14, 2008	25,000,000	8,666,260	497,582	866,260	-	497,582	-	N/A	N/A	N/A	N/A	-95.84%
BlackRock Carbon Capital III <sup>7</sup>	May 4, 2010	50,000,000	20,333,944	-	20,333,944	1,034,462	-	-	N/A	N/A	2.79%	1.73%	5.12%
BlackRock Granite Property Fund <sup>7</sup>	Oct 25, 2013	75,000,000	75,000,000	-	48,140,282	8,965,344	26,859,718	-	N/A	N/A	-2.83%	-4.23%	-4.73%
CapRidge Partners Fund I, LP <sup>3,7</sup>	Oct 1, 2013	27,000,000	40,887,738	12,909	37,094,763	7,290,891	3,805,885	183,029	N/A	N/A	-11.12%	-10.36%	-9.02%
GLO Barton Ridge <sup>7,7</sup>	Oct 1, 2013	2,622,125	6,237,846	-	6,237,846	377,767	-	-	N/A	N/A	7.35%	6.37%	5.61%
Guggenheim Structured Real Estate II <sup>3,7</sup>	Dec 28, 2010	50,000,000	50,000,000	-	50,000,000	(48,834,635)	-	-	N/A	N/A	-94.28%	-99.91%	N/A
Guggenheim Structured Real Estate III <sup>7</sup>	Oct 24, 2007	50,000,000	50,000,000	-	38,220,253	2,589,520	11,779,747	-	N/A	N/A	0.48%	-0.54%	-4.99%
Hunt Commercial Realty Partners II, LP <sup>7,10</sup>	Mar 22, 2006	75,000,000	64,224,413	604,932	36,666,100	6,955,581	28,163,245	(61,692)	N/A	N/A	-1.26%	-3.18%	-5.77%
Hunt Commercial Realty Partners III, LP <sup>7</sup>	Jul 23, 2007	50,000,000	50,144,220	185,021	35,706,060	17,391,216	14,623,181	153,343	N/A	N/A	-1.08%	-2.97%	0.91%
MacFarlane Urban Real Estate Fund II, LP <sup>4,7</sup>	Mar 16, 2007	25,000,000	18,470,058	6,955,127	6,802,597	161	18,622,588	-	N/A	N/A	NM	NM	-17.85%
NREP Real Estate Debt Fund, LP <sup>7</sup>	Dec 1, 2006	50,000,000	48,219,299	-	20,114,244	4,034,994	28,105,055	-	N/A	N/A	8.80%	-12.23%	-12.11%
Realty Associates Fund IX, L.P. <sup>7</sup>	Aug 27, 2008	50,000,000	50,000,000	-	49,999,999	30,050,679	-	101,625	N/A	N/A	11.19%	9.07%	10.38%
RR-GLO Holdings 1, LTD <sup>3,7</sup>	Oct 1, 2013	33,000,000	10,835,438	-	10,835,438	6,383,639	-	-	N/A	N/A	NM	NM	NM
<b>Total Liquidated</b>		<b>681,247,317</b>	<b>603,844,408</b>	<b>8,255,571</b>	<b>475,602,290</b>	<b>86,517,427</b>	<b>136,497,687</b>	<b>492,838</b>	<b>3.06%</b>	<b>2.74%</b>	<b>5.55%</b>	<b>3.94%</b>	<b>4.87%</b>
<b>Total Real Estate</b>		<b>2,625,957,317</b>	<b>2,242,027,514</b>	<b>62,847,023</b>	<b>1,198,105,070</b>	<b>590,264,670</b>	<b>1,106,769,466</b>	<b>1,148,608,844</b>	<b>3.06%</b>	<b>2.74%</b>	<b>5.55%</b>	<b>3.94%</b>	<b>4.87%</b>



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Investment	Acquisition/ Liquidation Date	Capital Committed	Capital Called - Investments	Capital Called - Expenses	Capital Returned	Income Distributed	Historical Cost	Net Asset Value	Current Quarter - Total Return Gross of Fees	Current Quarter - Total Return Net of Fees	Inception - Total Return Gross of Fees	Inception - Total Return Net of Fees	IRR
<b>Infrastructure</b>													
Altera Core Capital Assets Fund, LP	Jul 2, 2009	50,000,000	72,474,866	7,085,293	43,649,877	30,887,388	35,910,283	20,259,464	2.26%	1.92%	8.89%	6.65%	6.03%
Altera Core Capital Assets Fund II, LP	Dec 21, 2012	60,000,000	86,886,683	5,691,513	45,383,493	12,948,710	47,194,704	40,133,029	1.09%	0.73%	4.30%	-3.19%	3.96%
Capitol Co-Investments 8, LLC	Apr 28, 2015	432,500,000	189,547,399	890,357	-	-	190,437,756	190,128,495	-0.47%	-0.47%	-2.70%	-2.70%	-2.29%
Capitol Co-Investments 16, LLC <sup>8</sup>	Aug 13, 2018	125,000,000	6,833,191	179,036	-	-	7,012,227	7,306,746	N/A	N/A	N/A	N/A	4.20%
EnCap Energy Infrastructure Fund	Dec 19, 2008	75,000,000	80,272,766	9,329,916	52,492,516	112,541,853	37,110,166	16,297,197	4.11%	3.02%	23.58%	8.99%	42.23%
EnCap Flatrock Midstream Fund II	May 4, 2012	125,000,000	96,511,991	7,024,605	54,527,972	103,421,461	49,008,624	37,819,384	4.33%	3.17%	33.42%	3.31%	33.60%
EnCap Flatrock Midstream Fund III, L.P.	Jun 16, 2014	200,000,000	174,229,642	12,171,258	44,787,560	44,666,362	141,613,340	134,057,398	0.46%	0.12%	47.97%	14.88%	20.53%
EnCap Flatrock Midstream Fund IV, L.P.	Nov 17, 2017	325,000,000	110,839,414	4,820,186	-	-	115,659,600	112,064,461	0.08%	-5.82%	0.05%	-14.55%	-20.22%
Global Energy & Power Infrastructure Fund I <sup>9</sup>	Nov 19, 2009	100,000,000	98,674,113	14,209,672	35,936,375	43,598,985	76,947,410	51,580,729	3.82%	3.47%	15.47%	13.40%	4.85%
Global Energy & Power Infrastructure Fund II <sup>9</sup>	Oct 21, 2013	125,000,000	99,387,674	7,263,542	31,179,775	41,768,067	75,471,441	74,509,152	4.64%	4.55%	34.78%	15.02%	41.28%
Global Energy & Power Infrastructure Fund III <sup>1</sup>	Jul 3, 2018	200,000,000	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
GS Global Infrastructure Partners II	Oct 08, 2008	100,000,000	93,750,000	8,410,442	59,771,822	82,060,228	42,388,620	54,033,432	4.39%	3.74%	18.25%	13.91%	15.78%
Macquarie Infrastructure Partners II	Mar 31, 2008	100,000,000	102,210,720	3,885,479	38,167,604	35,053,809	67,928,595	93,069,523	1.78%	1.83%	10.72%	7.84%	8.27%
Macquarie Infrastructure Partners III	Apr 26, 2013	100,000,000	79,980,133	516,818	17,814,172	13,727,146	62,682,779	74,511,655	2.59%	1.87%	17.26%	13.05%	13.23%
Macquarie Infrastructure Partners IV	Mar 31, 2017	200,000,000	12,886,720	-	486,673	12,312	12,400,047	9,884,696	-2.26%	-7.06%	-2.26%	-7.06%	-23.27%
<b>Total Active</b>		<b>2,317,500,000</b>	<b>1,304,485,313</b>	<b>81,478,118</b>	<b>424,197,839</b>	<b>520,686,321</b>	<b>961,765,592</b>	<b>915,655,362</b>					
<b>Liquidated Infrastructure</b>													
Capitol Co-Investments 2, LLC <sup>7</sup>	Jul 1, 2011	15,818,134	12,654,599	-	12,654,599	4,487,017	-	-	N/A	N/A	-11.42%	-11.42%	87.28%
Capitol Co-Investments 3, LLC <sup>7</sup>	Sep 21, 2012	15,000,000	6,048,375	95,727	6,144,102	6,767,393	-	-	N/A	N/A	39.12%	39.12%	40.88%
Capitol Co-Investments 4, LLC <sup>7</sup>	Feb 19, 2013	25,000,000	13,630,289	88,461	13,718,750	38,158,556	-	-	N/A	N/A	131.23%	131.23%	135.36%
Capitol Co-Investments 10, LLC <sup>7</sup>	Apr 12, 2016	75,000,000	75,000,000	247,430	75,247,430	55,889,862	-	25,817	N/A	N/A	57.03%	56.93%	54.85%
<b>Total Liquidated</b>		<b>130,818,134</b>	<b>107,333,263</b>	<b>431,618</b>	<b>107,764,879</b>	<b>105,302,828</b>		<b>25,817</b>					
<b>Total Infrastructure</b>		<b>2,448,318,134</b>	<b>1,411,818,576</b>	<b>81,909,736</b>	<b>531,962,718</b>	<b>625,989,149</b>	<b>961,765,592</b>	<b>915,681,179</b>	<b>2.46%</b>	<b>1.82%</b>	<b>21.29%</b>	<b>15.56%</b>	<b>17.57%</b>
<b>Energy</b>													
ArcLight Energy Partners V, L.P.	Apr 28, 2011	75,000,000	70,023,513	6,007,070	29,069,773	22,257,308	46,960,810	51,799,964	2.31%	2.02%	14.94%	8.63%	10.07%
ArcLight Energy Partners VI, L.P.	Nov 25, 2014	100,000,000	90,003,307	3,467,964	25,291,633	5,339,805	68,179,638	90,255,830	9.98%	9.62%	17.60%	13.99%	15.89%
ArcLight Energy Partners VII, L.P. <sup>1</sup>	Jul 6, 2018	200,000,000	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Capitol Co-Investments 6, LLC	Dec 19, 2014	25,000,000	23,986,875	1,058,291	-	-	25,045,166	35,244,908	-0.02%	-0.02%	15.83%	15.83%	18.20%
Capitol Co-Investments 7, LLC	Sep 18, 2015	60,000,000	60,872,168	-	7,393,904	-	53,478,264	59,863,000	0.03%	0.03%	1.09%	1.09%	3.89%
Capitol Co-Investments 9, LLC	Feb 23, 2016	100,000,000	100,000,000	-	-	-	100,000,000	160,714,286	13.21%	13.21%	20.90%	20.90%	19.97%
Capitol Co-Investments 11, LLC	May 31, 2016	75,000,000	70,587,380	2,175,207	42,706,044	6,541,401	30,056,543	97,876,853	48.87%	48.87%	45.42%	45.42%	39.42%
Capitol Co-Investments 12, LLC	Jun 22, 2016	100,000,000	87,489,630	3,134,091	53,030,253	13,714,900	37,593,468	129,167,867	49.94%	49.94%	48.57%	48.57%	43.37%
Capitol Co-Investments 13, LLC	Apr 24, 2017	87,000,000	67,631,417	235,149	33,835,428	33,756,572	34,031,138	76,612,879	10.55%	10.55%	89.16%	89.16%	81.17%
Capitol Co-Investments 14, LLC	May 31, 2017	125,000,000	45,045,803	2,032,629	-	46,864	47,078,432	45,072,212	-0.05%	-1.29%	-0.61%	-4.50%	-4.95%
Capitol Co-Investments 15, LLC	Nov 17, 2017	125,000,000	70,468,750	-	-	70,468,750	76,696,087	-18.86%	-18.86%	8.85%	8.85%	9.09%	
EIF United States Power Fund IV, L.P.	Dec 10, 2010	75,000,000	87,835,601	-	26,637,170	14,950,229	61,198,431	67,430,193	0.52%	0.21%	11.11%	6.29%	7.30%
EnCap Energy Fund VII	Oct 15, 2007	50,000,000	52,229,200	2,374,317	26,783,115	41,668,762	27,820,402	4,782,479	72.50%	58.00%	4.49%	-0.29%	15.06%
EnCap Energy Fund VIII	Oct 7, 2010	50,000,000	50,188,615	3,446,139	17,897,347	13,725,635	35,737,407	19,275,568	5.23%	4.86%	7.77%	1.05%	-1.75%
EnCap Energy Fund IX	Dec 19, 2012	125,000,000	128,381,520	8,723,815	27,953,921	69,063,911	109,151,415	95,189,692	11.39%	8.78%	20.02%	6.95%	16.31%
EnCap Energy Capital Fund X	Mar 5, 2015	250,000,000	191,971,170	12,031,369	16,810,919	25,111,926	187,191,619	190,859,981	1.81%	1.18%	11.43%	5.11%	10.38%
EnCap Energy Capital Fund XI, L.P.	Dec 22, 2016	300,000,000	21,314,065	6,424,003	-	27,738,068	21,663,959	0.00%	-5.54%	0.07%	-38.62%	-33.65%	
EnerVest Energy Institutional Fund XIV-A	Jun 19, 2015	150,000,000	141,921,134	12,345,066	64,438,736	8,103,583	89,472,464	124,491,924	33.56%	32.85%	11.55%	4.46%	13.40%
First Reserve Fund XIII	Apr 23, 2013	100,000,000	62,082,823	8,668,810	31,416,142	12,419,241	39,335,491	40,893,958	4.39%	4.92%	15.83%	1.45%	14.14%
Lime Rock Resources II	Dec 18, 2008	40,000,000	40,014,847	3,839,996	24,915,182	4,433,243	18,939,661	16,404,241	-26.91%	-26.96%	-0.52%	-1.34%	1.15%
Lime Rock Resources III	Jan 24, 2013	75,000,000	74,550,837	3,178,377	3,210,149	10,283,925	74,519,065	82,677,165	3.66%	3.54%	-4.52%	-5.37%	6.47%



### Quarterly Investment Report

**TXGLO**

#### **Permanent School Fund Investment Portfolio**

July 1, 2018 - September 30, 2018

Summary of Investments

Investment	Acquisition/ Liquidation Date	Capital Committed	Capital Called - Investments	Capital Called - Expenses	Capital Returned	Income Distributed	Historical Cost	Net Asset Value	Current Quarter -Total Return Gross of Fees	Current Quarter -Total Return Net of Fees	Inception - Total Return Gross of Fees	Inception - Total Return Net of Fees	IRR
Lime Rock Resources IV	Feb 5, 2016	150,000,000	64,549,015	4,314,168	9,489,669	1,592,564	59,373,514	75,928,547	16.80%	15.95%	14.91%	11.37%	19.13%
Natural Gas Partners IX, L.P.	Feb 29, 2008	50,000,000	48,005,623	6,115,379	47,501,910	28,676,332	6,619,092	1,010,985	24.39%	18.10%	12.74%	6.56%	10.85%
TPH Partners, L.P.	Dec 24, 2008	25,000,000	24,252,333	3,595,247	19,680,572	1,216,823	8,167,008	2,244,723	13.86%	13.31%	-4.11%	-8.22%	-6.70%
TPH Partners II, L.P.	May 11, 2015	30,000,000	25,287,815	3,134,974	6,716,478	2,676,833	21,706,311	23,985,241	0.00%	-0.32%	8.36%	-2.55%	6.93%
<b>Total Active</b>		<b>2,542,000,000</b>	<b>1,698,693,440</b>	<b>96,302,061</b>	<b>514,778,343</b>	<b>315,479,858</b>	<b>1,280,217,157</b>	<b>1,590,142,542</b>					
<b>Liquidated Energy</b>													
Capitol Co-Investments 1, LLC <sup>7</sup>	Jul 15, 2010	20,000,000	13,666,868	3,690,898	17,357,765	59,057,540	-	-	N/A	N/A	-7.12%	-7.12%	152.50%
Capitol Co-Investments 5, LLC <sup>7</sup>	Dec 22, 2015	20,000,000	16,974,920	733,808	17,708,728	2,028,441	-	-	N/A	N/A	-15.50%	-15.50%	8.37%
Capitol Primary Investments 1, LP <sup>7</sup>	Mar 5, 2013	32,000,000	30,729,557	1,270,443	32,000,000	8,250,000	-	-	N/A	N/A	9.09%	9.09%	11.85%
<b>Total Liquidated</b>		<b>72,000,000</b>	<b>61,371,345</b>	<b>5,695,149</b>	<b>67,066,493</b>	<b>69,335,981</b>	<b>-</b>	<b>-</b>					
<b>Total Energy</b>		<b>2,614,000,000</b>	<b>1,760,064,785</b>	<b>101,997,209</b>	<b>581,844,836</b>	<b>384,815,839</b>	<b>1,280,217,157</b>	<b>1,590,142,542</b>	<b>11.30%</b>	<b>10.79%</b>	<b>15.46%</b>	<b>4.05%</b>	<b>16.05%</b>
<b>Totals</b>		<b>7,688,275,451</b>	<b>5,413,910,875</b>	<b>246,753,969</b>	<b>2,311,912,625</b>	<b>1,601,069,658</b>	<b>3,348,752,215</b>	<b>3,654,432,565</b>	<b>6.79%</b>	<b>6.33%</b>	<b>8.47%</b>	<b>5.95%</b>	<b>8.69%</b>
The total returns include results for assets that have been liquidated.													
Historical Cost is calculated for the external portfolio as total capital contributed less capital returned.													
1. Represents a commitment to fund.													
2. The fund was liquidated during the fourth quarter of 2008 and made no investments.													
3. The investment has a return that exceeds (100%). As a result, an IRR cannot be calculated. The assets in the fund were written to the value of the debt. The fund was fully liquidated on December 28, 2010.													
4. The fund went negative in the fourth quarter of 2009. As a result, that quarter's return was greater than (100%) which results in an inability to calculate an annualized inception to date return.													
5. Investment was transferred from the internal to the external portfolio as of October 1, 2013. All prior historical performance remains within the internal portfolio up to the date of transfer.													
6. Investment was formerly named Morgan Stanley RE Fund VII Global-T, LP.													
7. Investment is in process or has been liquidated.													
8. First contribution was made during the quarter. TWR will begin next quarter.													
9. Investments were formerly named First Reserve Energy Infrastructure Fund I and II, respectively.													
10. Per the GP - "Certain partners were over distributed resulting in a negative balance in their capital account. No partner shall be required to make up a negative balance in its capital account. This will not adversely affect limited partners with positive capital accounts."													
NM - These returns are deemed non-meaningful.													



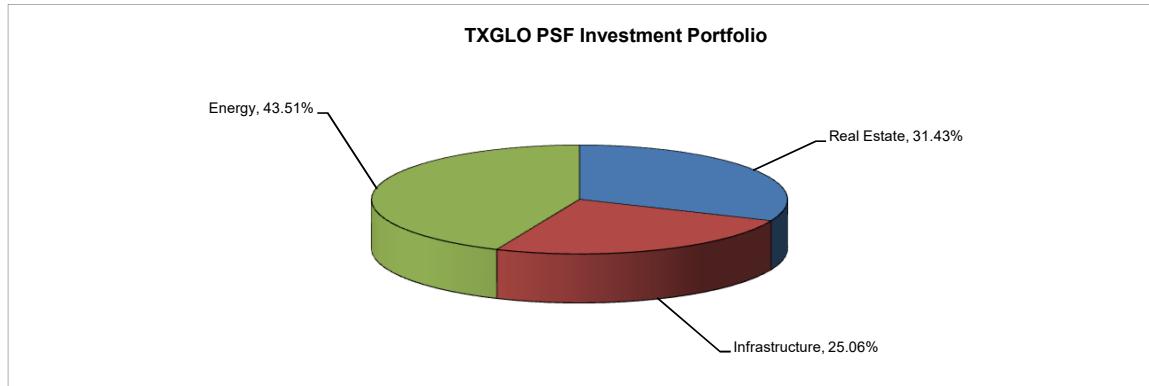
**Quarterly Investment Report**

**TXGLO**

**Permanent School Fund Investment Portfolio**

July 1, 2018 - September 30, 2018

Net Asset Value Allocations by Asset Type



Asset Type	Net Asset Value *	% of Portfolio
Real Estate	1,148,608,844	31.43%
Infrastructure	915,681,179	25.06%
Energy	1,590,142,542	43.51%
Totals	3,654,432,565	100.00%

\* - Total net asset value includes investments that are in liquidation.



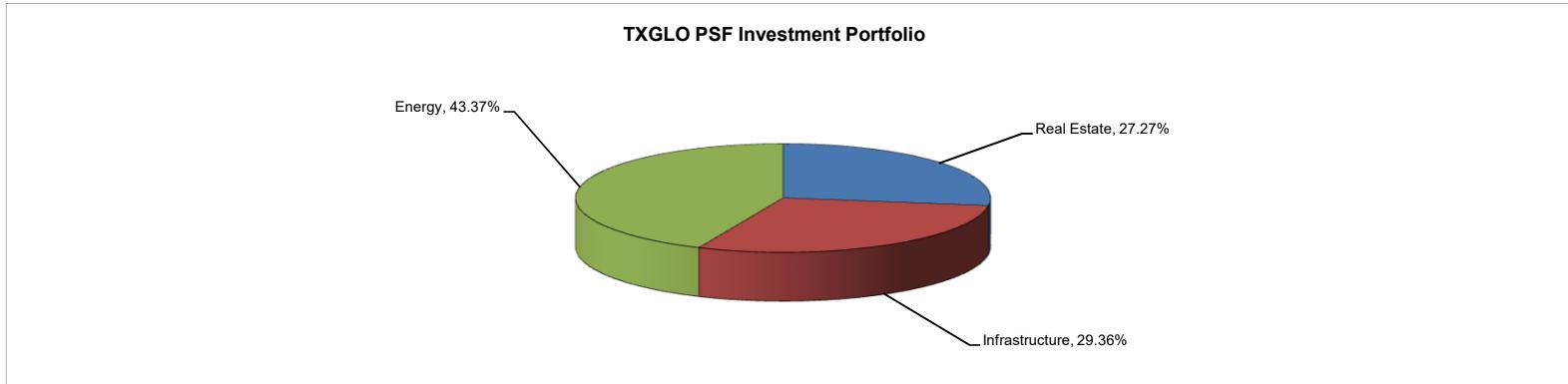
**Quarterly Investment Report**

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**Permanent School Fund Investment Portfolio**

July 1, 2018 - September 30, 2018

Net Asset Value Plus Unfunded Commitment Allocations by Asset Type



Asset Type	Net Asset Value *	Unfunded Commitment	Total	% of Portfolio
Real Estate	1,148,608,844	512,100,281	1,660,709,125	27.27%
Infrastructure	915,681,179	872,076,995	1,787,758,174	29.36%
Energy	1,590,142,542	1,050,906,608	2,641,049,149	43.37%
Totals	3,654,432,565	2,435,083,883	6,089,516,448	100.00%

\* - Total net asset value includes investments that are in liquidation.



**Quarterly Investment Report**

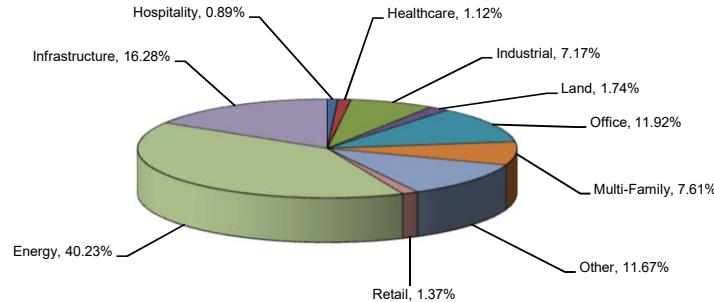
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**Permanent School Fund Investment Portfolio**

July 1, 2018 - September 30, 2018

Net Market Value by Property Type

**TXGLO PSF Investment Portfolio - Property Type**





**Quarterly Investment Report**

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**Permanent School Fund Investment Portfolio**

July 1, 2018 - September 30, 2018

Net Market Value by Property Type

	<b>Property Type</b>	<b>Net Market Value<sup>1</sup></b>	<b>% of Portfolio</b>
Real Estate	Hospitality	34,271,689	0.89%
	Healthcare	43,092,041	1.12%
	Industrial	276,227,875	7.17%
	Land	67,015,720	1.74%
	Office	459,412,793	11.92%
	Multi-Family	293,352,211	7.61%
	Retail	52,815,882	1.37%
	Debt	412,752	0.01%
	Mixed Use	365,424,532	9.49%
	Self Storage	83,784,522	2.17%
Total Real Estate		1,675,810,019	43.49%
Total Energy	Energy	1,550,179,001	40.23%
Total Infrastructure	Infrastructure	627,304,560	16.28%
Totals	Totals	3,853,293,580	100.00%

1. Net Market Value is calculated by subtracting investment level debt from the Gross Value of each investment.



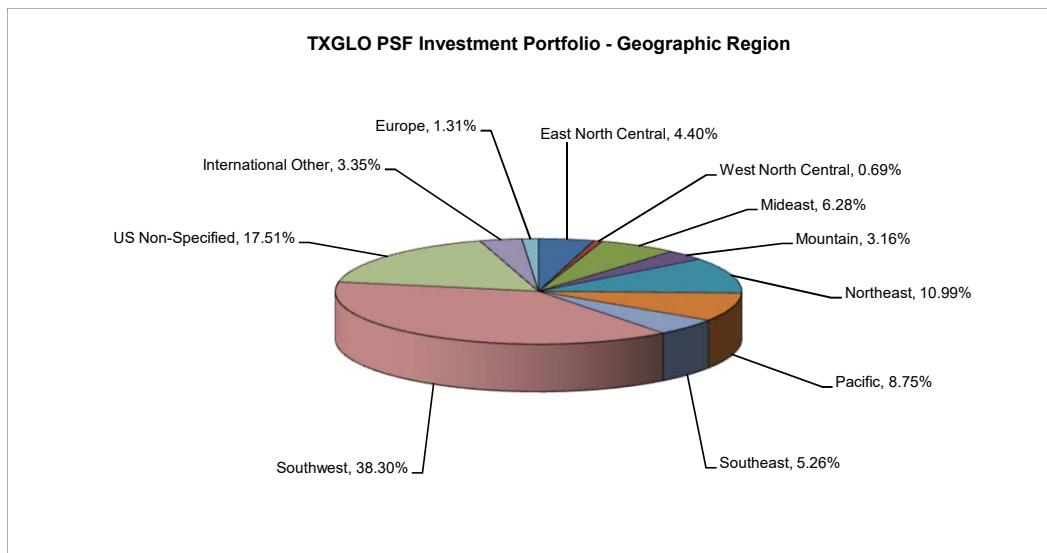
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**Permanent School Fund Investment Portfolio**

July 1, 2018 - September 30, 2018

Net Market Value by Geographic Region





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**Permanent School Fund Investment Portfolio**

July 1, 2018 - September 30, 2018

Net Market Value by Geographic Region

Geographic Region	Net Market Value <sup>1</sup>	% of Portfolio
East North Central	169,667,632	4.40%
West North Central	26,635,162	0.69%
Mideast	242,034,696	6.28%
Mountain	121,630,716	3.16%
Northeast	423,598,742	10.99%
Pacific	337,132,796	8.75%
Southeast	202,874,245	5.26%
Southwest	1,475,734,484	38.30%
Texas	-	0.00%
US Non-Specified	674,353,911	17.51%
Global	32,673,386	0.85%
Central America	-	0.00%
South America	209,293	0.01%
Caribbean	470,331	0.01%
Mexico	47,812,326	1.24%
Canada	5,833,432	0.15%
Europe	50,650,561	1.31%
Australia	-	0.00%
Asia	41,981,868	1.09%
Totals	3,853,293,580	100.00%

1. Net Market Value is calculated by subtracting investment level debt from the Gross Value of each investment.



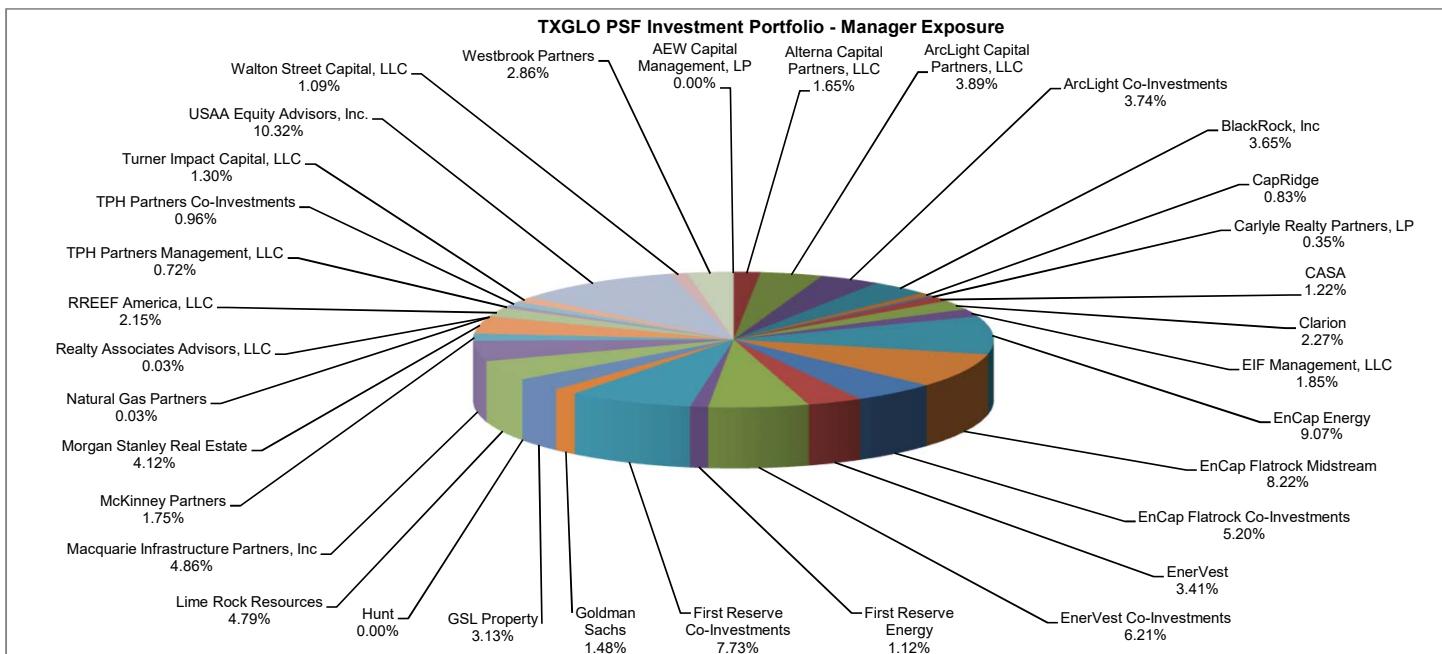
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**Permanent School Fund Investment Portfolio**

July 1, 2018 - September 30, 2018

Investment Manager Exposure by NAV





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**Permanent School Fund Investment Portfolio**

July 1, 2018 - September 30, 2018

Investment Manager Exposure by NAV

Manager	NAV	% of Portfolio
AEW Capital Management, LP	116,533	0.00%
Alterna Capital Partners, LLC	60,392,493	1.65%
ArcLight Capital Partners, LLC	142,055,794	3.89%
ArcLight Co-Investments	136,559,087	3.74%
BlackRock, Inc	133,396,627	3.65%
CapRidge	30,279,029	0.83%
Carlyle Realty Partners, LP	12,643,177	0.35%
CASA	44,634,150	1.22%
Clarion	83,039,703	2.27%
EIF Management, LLC	67,430,193	1.85%
EnCap Energy	331,771,679	9.07%
EnCap Flatrock Midstream	300,238,441	8.22%
EnCap Flatrock Co-Investments	190,128,495	5.20%
EnerVest	124,491,924	3.41%
EnerVest Co-Investments	227,044,720	6.21%
First Reserve Energy	40,893,958	1.12%
First Reserve Co-Investments	282,425,194	7.73%
Goldman Sachs	54,033,432	1.48%
GSL Property	114,212,710	3.13%
Hunt	91,651	0.00%
Lime Rock Resources	175,009,953	4.79%
Macquarie Infrastructure Partners, Inc	177,465,874	4.86%
McKinney Partners	63,900,295	1.75%
Morgan Stanley Real Estate	150,657,733	4.12%
Natural Gas Partners	1,010,985	0.03%
Realty Associates Advisors, LLC	999,722	0.03%
RREEF America, LLC	78,558,712	2.15%
TPH Partners Management, LLC	26,229,964	0.72%
TPH Partners Co-Investments	35,244,908	0.96%
Turner Impact Capital, LLC	47,443,763	1.30%
USAA Equity Advisors, Inc.	377,661,463	10.32%
Walton Street Capital, LLC	39,858,358	1.09%
Westbrook Partners	104,511,845	2.86%
Totals	3,654,432,565	100.00%



## QUARTERLY INVESTMENT REPORT

### TXGLO Permanent School Fund Investment Portfolio

July 1 – September 30, 2018

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#### Subsequent Events

#### TXGLO PSF Investment Portfolio

Between October 1 and December 31, 2018, the Board approved two new fund investments and the expansion of the commitment to an existing fund investment, as shown below:

Investment	Date Approved by SLB	Total Capital Commitment	TXGLO Capital Commitment	Investment Type/Strategy
Westbrook Real Estate Fund XI, L.P.	November 19, 2018	\$2,500,000,000	\$250,000,000	Non-Core Real Estate
First Reserve Fund XIV, L.P.	December 18, 2018	\$3,000,000,000	\$200,000,000	Energy
Lion Industrial Trust	December 18, 2018	\$8,000,000,000	\$125,000,000*	Core-Plus Real Estate

*\*Expansion of existing commitment*

Westbrook Real Estate Fund XI, L.P. is a closed-end commingled global real estate investment fund focused primarily upon opportunistic investments in global “gateway” cities in the office and multifamily sectors that arise from undervalued assets/portfolios, corporate and government divestitures, and recapitalizations.

First Reserve Fund XIV, L.P. is a closed-end commingled global energy investment fund that will focus primarily on targeting middle-market investments diversified across the entire global energy spectrum (i.e., upstream, midstream/downstream, and services/equipment).

Lion Industrial Trust (“LIT”) is an open-ended private real estate investment trust focused on acquiring/developing high-quality bulk distribution and warehouse assets in primary U.S. markets that benefit from proximity to large population bases and major transportation nodes (e.g., ports, rail, air, and highway systems). This new commitment is an increase of \$125 million to an already existing \$75 million commitment, for a total commitment of \$200 million to LIT.